

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: March 20, 1995

SUBJECT: **SB 862 - HB 1326**

This bill, if enacted, will , among other things, establish a schedule for permanent, partial disability to be allowed for employees under the provisions of the Workers' Compensation Law.

Further, this bill establishes a mathematical formula based on modification factors of age, education and physical disability. Points are assessed using guidelines in each of these categories and these points are then added to the anatomical disability rating used to establish a method for permanent partial disability.

Further, this bill provides that the workers' compensation division in the Department of Labor shall conduct benefit review conferences, contested case hearings, mediation and appeals within the agency, and hire personnel as necessary. Workers' compensation specialists shall conduct benefit review conferences. The specialists shall be trained in the principles and procedures of dispute mediation; and the division is authorized and directed to consult and enter into contracts with the federal mediation and conciliation service or other appropriate organizations.

Further, this bill provides that a party who desires to appeal the decision of a hearing officer shall file a written appeal with the appeals panel of three judges, designated by the chief justice. The appeals panel may consider: (1) the record developed at the contested case hearing; (2) the written request for review and response filed with the appeals panel; (3) reverse the decision; (4) issue their decision which shall determine each issue on which review was requested. If a court modifies or reverses an appeals panel decision awarding benefits, the insurer or self-insured employer may recover reimbursement of any benefit overpayment from the employee or second injury fund.

A claimant may bring suit in the circuit, criminal or chancery court of the county to enforce the award of a final or binding order of the workers' compensation division. A person who fails or refuses to comply with a division order or decision within 20 days of the order or decision becoming final commits a violation with a maximum civil penalty of \$10,000.

The fiscal impact from enactment of this bill is estimated to be an increase in recurring state expenditures of approximately \$1,892,000 for personnel and related expenses and a one-time increase in state expenditures of \$200,000 for equipment. Details are shown below:

Salaries and Benefits @ 24%		
3 Judges @ \$57,192	\$	212,754
3 Executive Secretaries @ \$15,948		59,327
12 Administrative Law Judges @ \$28,596		425,508
3 Law Clerks @ \$15,948		59,328
12 Administrative Assistants 2 @ \$29,124		247,128
6 Clerks III @ \$12,924		96,155

10 Workers' Compensation Specialists II	
@ \$29,124	361,140
Travel	155,000
Rent @ \$14 sq. ft.	88,200
Supplies	30,000
Telephone, Postage	90,000
Copy Machine Lease	3,000
Professional Dues and Services	3,600
Printing	60,000
Equipment (computers, software, office equipment) one-time	<u>200,000</u>
	<u>\$2,091,140</u>

The fiscal impact from enactment of this bill is estimated to result in a decrease in payments from the Claims Award Fund in the area of partial permanent disability; however, such decrease cannot be determined but is estimated to exceed \$100,000.

The fiscal impact from enactment of this bill is estimated to result in a decrease in local government expenditures as a result of savings on attorneys costs; however, such decrease cannot be determined but is estimated to exceed \$100,000.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director